Directors' Remuneration report

Dina Knight
Remuneration Committee Chair

Dear Shareholder,

I am pleased to have been appointed as Chair of QinetiQ's Remuneration Committee in April 2025, having joined the Committee on appointment in March 2024.

I would like to express my sincere thanks to Susan Searle, former Chair, for her diligent leadership and for supporting my transition into the role. I look forward to working with the Board to deliver an effective remuneration policy that reflects shareholder expectations and recognises sustained business performance.

As noted by the Group Chair in his statement on page 8, FY25 was a year in which financial performance, particularly revenue and profit, fell below expectations, due to dynamic trading conditions and geopolitical uncertainty. However, strong cash conversion and order intake reflect the underlying resilience of the Company and the strength of our strategy. With the Board's support, management has taken decisive action to strengthen the leadership team and to resize and refocus the Company in response to the external environment. This has resulted in one-off exceptional charges and the value of certain assets being written down, which has also had an impact on overall performance and shareholder returns. The Remuneration Committee has carefully considered these factors in its decision-making for FY25.

QinetiQ's Gender Pay Gap data can be found on our website at **www.qinetiq.com**

Reward decisions for FY25

While revenue was below expectations, our orders performance was above the stretch level. Net cash flow and performance against the common goals were above target. The formulaic FY25 Annual Bonus Plan (ABP) outturn was 52.0% and 51.4% of the maximum for Steve Wadey (CEO) and Martin Cooper (CFO) respectively.

Having considered the Company's FY25 performance in the round, with particular attention to the trading update issued in March 2025, and at the recommendation of the CEO, the Remuneration Committee has exercised its discretion to reduce the ABP payment to zero for FY25 for the Executive Directors and members of the QinetiQ Leadership Team (QLT).

The second grant under the Long-term Performance Award (LPA) was made in July 2024, with the same scorecard of performance metrics as the FY24 award, comprising: cumulative underlying operating profit; Return on Capital Employed (ROCE); and total revenue growth. Stretch targets remain aligned to the Company's growth ambitions.

The contingent share award under the legacy Deferred Share Plan (DSP) granted in FY22, based on performance, will vest in June 2025, as the profit underpin (set in 2022) for that award was met. Subject to the performance underpin, a final DSP award granted in FY23, based on performance, may vest in June 2026. No further awards will be made under the DSP as it has been replaced by the LPA.

// The Remuneration Committee has carefully considered the alignment of incentive outcomes with overall company performance in its decision-making for FY25. //

The Committee believes that the FY25 CEO single figure on page 113 reflects the performance achieved by the Company. It is approximately 53% of the value in FY24, as a result of the reduction to zero of the FY25 bonus outturn and a lower value from the vesting legacy FY22 DSP compared to the prior year.

In assessing the remuneration outcomes, the Committee has continued to consider carefully the potential impact on incentives of the share buyback programme which commenced in February 2024, involving the gradual purchase and cancellation of some £100m of shares over 12 months.

The Committee confirms that no current incentive plans measure performance on a 'per share' basis and that there has been no direct financial performance boost from the share buyback. Therefore, the Committee determined that no adjustment to incentives is necessary in relation to the share buyback.

Leadership changes

As disclosed last year, Carol Borg stepped down from her role as CFO on 16 April 2024 and has been succeeded by Martin Cooper who joined on 2 September 2024. Details of their respective termination and joining arrangements were disclosed in last year's remuneration report, however, in accordance with the regulations, full details are also included on pages 122 and 123 of this year's report.

Directors' Remuneration Policy

In FY23 the Committee spent a significant amount of time reviewing the current Policy and consulted widely with shareholders prior to its introduction in 2023. The Policy received a 84.3% 'For' vote at the 2023 AGM and will remain in place until its full renewal at the 2026 AGM. During the year ahead we will be reviewing the Policy to ensure it is operating effectively and remains aligned with our strategy. We will consult with major shareholders in advance if any changes are identified for introduction at that time, allowing reasonable notice to consider and respond to feedback ahead of finalisation.

Salary Review

As disclosed in last year's report, the CEO's base salary was reviewed in line with the Rewarding for Performance guidance used for all UK employees. The CEO's increase, effective 1 July 2024, was 4.5%, below the 5% budget applied to UK employees. The CFO, Martin Cooper, joined QinetiQ in September 2024.

For FY26, the overall salary review budget for UK employees is 4%, with new salaries effective from 1 July 2025. At the request of the CEO, the review of his salary will be deferred to the end of FY26. The CFO's salary will be increased by 3.3% with effect from 1 July 2025, reflecting his performance and development in the role.

Implementation for FY26

The ABP for FY26 is based on the same financial metrics as in FY25 (orders, profit and cash) with stretch targets set against delivery of the Integrated Strategy-to-perform Plan (ISP). Financial metrics carry a 75% weighting (increased from 70%) and non-financial targets have a 25% weighting (reduced from 30%). The non-financial targets are a combination of personal and strategic goals, including selected ESG metrics.

The Committee has reviewed the performance metrics for the FY26 LPA three-year performance period and decided that, as for FY25, they will be cumulative underlying operating profit, ROCE and total revenue growth designed to drive consistent profit performance, robust investment selection and value creation for our customers through collaboration. The Committee is cognisant that inclusion of a relative Total Shareholder Return (TSR) metric is a preference for at least one of the Company's major shareholders and keeps the use of TSR under review, most recently in March 2025. The Committee continues to believe that relative TSR is strongly influenced by market sentiment and remains mindful of the challenge in identifying appropriate comparators for a company such as QinetiQ, given the limited number of direct UK peers.

Employee engagement and reward

The Group CEO and the Chief People Officer have held regular discussions with our Global Employee Voice (GEV) representatives on reward matters. Members of the Board also met with the GEV representatives twice in FY25. The social section on page 52 details our employee engagement activity.

QinetiQ's employees are key to the delivery of our strategy. They have performed strongly this year, demonstrating focus, collaboration and drive to deliver for our customers. We have maintained employee engagement levels and commitment through a challenging year.

The Company operates a range of incentive and reward programmes throughout the organisation that align our people with our goals. These arrangements are tailored to reflect employee levels and specific market conditions. This includes an All Employee Incentive Scheme (AEIS) under which every eligible employee can earn a payment if the Company achieves a level of operating profit within a predetermined range from target to stretch. The potential lump-sum payment ranges from £500 to £1,250 per employee. In addition, high-performing employees can earn up to an additional 5% of salary based on personal performance rating. For FY25 the operating profit threshold was not achieved, and therefore the Company performance element of AEIS was not paid.

To recognise the contribution of our people, a discretionary 'thank you' payment of £400 to each eligible employee was approved, with individual payments of up to 2.5% of salary made to high performing employees. Executive Directors and the QLT did not receive this payment, in recognition of the Company's overall performance and the shareholder experience.

The AEIS is a key element of the Company's Rewarding for Performance framework aligning employees with shareholder interests by incentivising and rewarding profitable growth. Looking forward, the Company will continue to invest in its global reward and benefits strategy to further strengthen the employee offering.

Our Group Hardship Fund and Employee Assistance Programme (EAP) continue to provide vital support to our people experiencing personal challenges.

Conclusion

Supporting leadership to drive the Company's performance and strategy through the implementation of the new Policy was a primary focus for the Remuneration Committee in FY25. The Committee believes the evolution of the QLT at the beginning of FY25, along with the further changes made in April, positions the Company well for future success to drive consistent performance and growth. We also remain mindful of the highly competitive global talent environment and the importance of ensuring incentives are appropriately aligned at all levels of the organisation.

I hope that we can rely on your vote in support of the Directors' Remuneration Report at the AGM on 17 July 2025. I would welcome comments and questions from shareholders in relation to this Directors' Remuneration Report and I can be contacted through **companysecretariat@qinetiq.com**. I also look forward to engaging with many of you as the Committee reviews the Directors' remuneration policy prior to its renewal at the 2026 AGM.

Dina Knight

Remuneration Committee Chair

22 May 2025

Remuneration at a glance

Components, alignment, application and changes

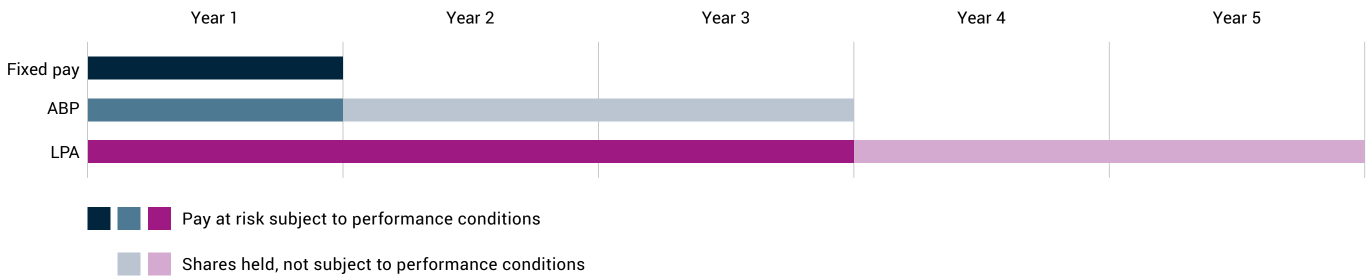
Annual fixed pay	Link to strategy	Application in FY26
Salary Executive Directors' base salaries are set on appointment and reviewed annually, or when there is a change in position or responsibility. Typically, base salaries will be increased by a similar percentage to the average pay increase for all employees of the Group.	Fixed pay is set at a level that enables us to attract and retain high-quality Executive Directors who are capable of successfully leading and executing our strategy and delivering long-term sustainable growth. Our Policy aims to ensure that fixed pay remains attractive and competitive.	No change in prior-year implementation of Policy for CFO. Salary review for CEO deferred to end of the financial year.
Benefits Benefits include a car allowance, health insurance, life assurance, income protection and taxable expenses.		No change in prior-year implementation of Policy.
Pension Executive Directors receive 10.5% of base salary allowance as cash in lieu of pension which is equivalent to the UK workforce pension available to all employees.		No change in prior-year implementation of Policy.

Annual variable pay	Link to strategy	Application in FY26
The Annual Bonus Plan (ABP) introduced for FY24 onwards is as follows: – 70% of any outcome is payable in cash at year end and 30% will be deferred into shares, which vest after two years – The maximum incentive for Executive Directors is 200% of salary – The performance measures used for the ABP are the same as those used in prior years. For FY25 these were orders, operating profit, cash flow, common goals (which include ESG metrics) and personal goals. As in FY24, a weighting of 70% financial and 30% non-financial metrics was used	The ABP rewards strong sustainable financial performance through a weighting of at least 70% on core financial metrics, driven by the implementation of our strategy. The ABP also rewards non-financial performance through the delivery of key goals related to environment (Net-Zero roadmap), employee engagement and inclusion and safety in addition to the achievement of personal goals. The partial deferral of any ABP payment into shares drives a long-term and sustainable focus aligned to the interests of shareholders.	For FY26 the Remuneration Committee increased the annual incentive financial target weightings to 75% of the total award with orders, cash and operating profit each weighted at 25%. The remaining 25% will be based on personal performance goals. To drive consistent cash collection throughout the year, 30% of the cash goal (7.5% of the bonus weighting) will be based on the achievement of H1 performance. The revised weightings reflect the need to drive profitable growth and strong cash management and are closely aligned to strategy.

Long-term variable pay	Link to strategy	Application in FY26
The Long-term Performance Award (LPA) introduced for FY24 onwards is as follows: – Three-year performance test with any shares vesting subject to a further two-year holding period – The maximum LPA award for Executive Directors is 250% of salary for the delivery of truly stretching financial targets – The performance measures used for the LPA for FY26 will be earnings, ROCE and total revenue growth – No more than 20% of each element of the award will vest at threshold levels of performance	The LPA has a clear link to strategy and incentivising growth: – Cumulative earnings: To deliver consistent operational performance over the longer term. Understood, relevant and actionable for QinetiQ senior leaders – Returns: To drive robust investment selection and delivery – Total revenue growth: To drive value creation through collaboration and market leverage The payment of any LPA in shares which must be held for a further two years drives a long-term and sustainable focus aligned to the interests of shareholders	No change in prior-year implementation of Policy and financial targets

Timing

To create strong alignment between executive remuneration and the long-term interests of our shareholders, the ABP is paid partly in deferred shares vesting two years after the award was earned. The LPA has a three-year performance period, after which any vested shares must be retained by the Executive for a further two years.



Single figure FY25
(£'000)

Steve Wadey
Chief Executive Officer

Martin Cooper*
Chief Financial Officer

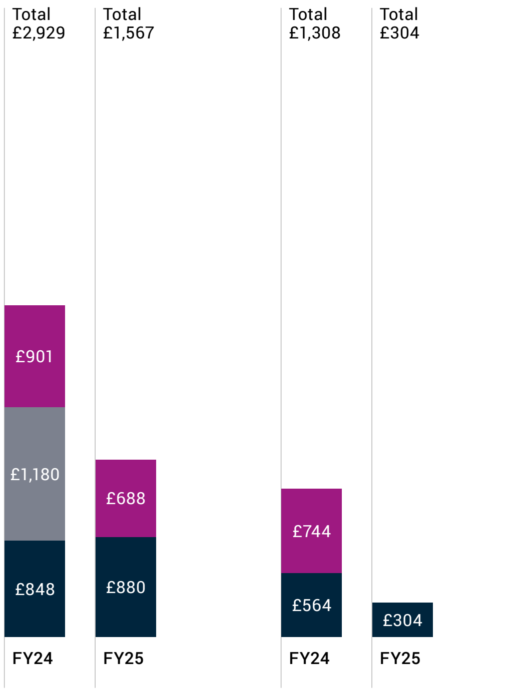
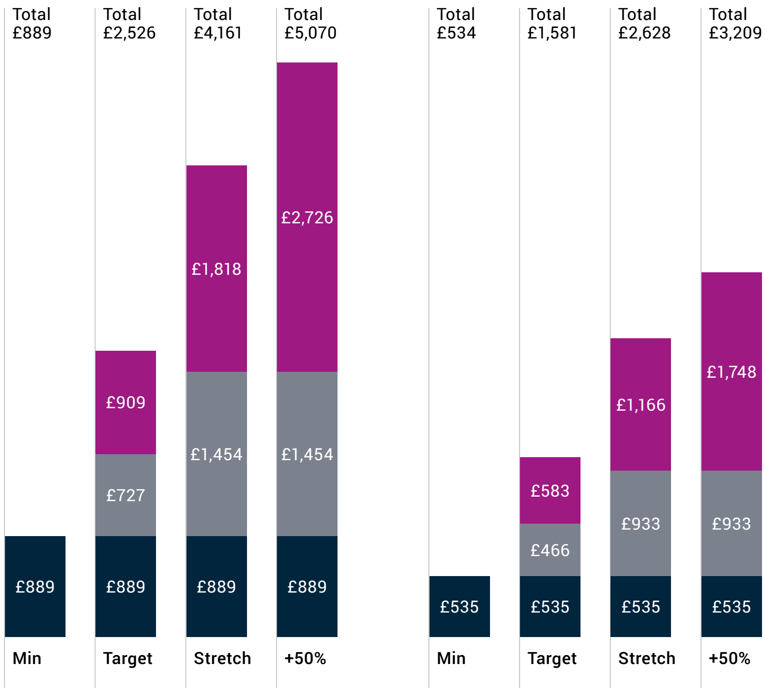


Illustration of FY26 potential
(£'000)

Steve Wadey
Chief Executive Officer

Martin Cooper
Chief Financial Officer



Key
- Minimum
- Annual variable pay
- Long-term variable pay

Minimum – Fixed pay (base salary, plus taxable benefits and pension allowance)
Target – Fixed pay plus ABP at Target (100% of base salary) and LPA at Target (125% of base salary)
Stretch – Fixed pay plus ABP at Maximum (200% of base salary) and LPA at Maximum (250% of base salary)
+ 50% Share price appreciation – Stretch plus 50% share price appreciation (on 100% of LPA)

* FY24 single figure shown above is for Carol Borg, Former CFO, with FY25 not shown, but available in table on page 117.
FY25 single figure shown is for Martin Cooper, CFO, and is lower as is pro-rated based on mid-year start date.

Directors' Remuneration Policy Q&A

What are the principles of QinetiQ's Directors' Remuneration Policy?

The principles of the Policy are:

- Ensure a clear and transparent approach aligned to market practice with a distinct separation between annual and long-term incentives;
- Drive sustainable annual performance, supporting our ambitious growth strategy and long-term value creation;
- Maintain a balanced focus between organic and inorganic growth;
- Drive collaboration across our teams; and
- Retain, attract and appropriately incentivise top talent.

How does the Policy align Executive pay with the interests of shareholders?

QinetiQ's annual incentive scheme and long-term share plan deliver shares which must be retained after any award is paid or vests. In our ABP, 30% of the award is deferred and held as shares and is therefore subject to share price exposure. In our LPA there is a three-year performance period before any shares vest and then a further two-year holding period.

In addition, the Executive Directors are required to build and hold a significant shareholding in the Company of 300% of salary for the CEO and 200% for other Executive Directors.

How does your Policy reward the implementation of Company strategy?

Our strategy, as detailed in our five-year Integrated Strategy-to-perform Plan (ISP), aims to deliver sustainable and long-term growth in our business and to increase value to our shareholders.

The Policy supports this by focusing on the achievement of stretching but sustainable financial performance targets, both annually and over three years, aligned to the ISP. These are balanced with personal and strategic goals to ensure alignment and reinforce the Company's growth ambition.

How does the Policy drive corporate culture?

Our annual bonus scheme includes a weighting towards non-financial metrics focusing on personal goals. This is achieved through our performance framework, which has been designed to ensure strong accountability and consistent performance across the organisation, driving success and enabling our people to achieve their potential.

A cornerstone of this framework are our Leadership Expectations with a shared commitment on Enterprise Leadership; being a visible and responsible role model measuring demonstrable improvements in employee engagement, safety, security and environmental leadership.

The personal goals measure the 'what' and the 'how' to ensure that key personal deliverables are achieved through responsible and collaborative behaviours.

How do you avoid rewarding for failure?

In line with best practice, Executive Directors' contractual notice periods are 12 months with termination payments normally limited to salary, benefits and pension with a duty to mitigate loss if they are terminated by the Company.

Incentives have stretching performance targets to ensure any payments are justified with the Remuneration Committee retaining discretion to adjust the formulaic outturn to ensure that rewards are appropriate. In addition, bonus deferral, holding periods and shareholding requirements ensure a focus on sustainable performance and long-term shareholder value.

How is ESG reflected within the bonus plans?

ESG is measured through a standard 'Enterprise Leadership' goal which includes measures on employee engagement, safety, security, and Net-Zero. This goal is applied to all leaders within the organisation and forms part of the personal goals in the Annual Bonus Plan (ABP).

When and how do you apply discretion?

The Remuneration Committee sets challenging targets for incentive plans which are aligned with shareholder expectations. It plays a key role in assessing overall company performance when determining remuneration outcomes. In FY25 the formulaic outcome of the Annual Bonus would have resulted in a payout around target. Taking account of the company performance, the experience of shareholders, and the recommendation of the CEO, the Committee exercised its discretion and reduced the bonus for FY25 to zero for the Executive Directors and the QinetiQ Leadership Team.

How have you supported employees in FY25?

In April 2024, we completed the second phase of our UK reward strategy, providing increased pay transparency and implementing an additional base salary increase for eligible employees equivalent to an average of 2% of the UK salary budget addressing market relativity. In addition, our Group Hardship Fund and Employee Assistance Programmes continue to provide additional support to our people who are experiencing challenging personal circumstances. We also continue to be accredited as a Living Wage Employer.

How do you focus on employee engagement?

Our people share in the Company's success after the introduction of the AEIS in FY19 which pays up to £1,250 to all eligible employees on the basis of the Company's annual operating profit performance. The AEIS is important as a performance driver, to support collaboration and to share the success we create for shareholders.

Our Global Employee Voice (GEV), representing our global employees, is deeply engaged across the Company. We listen to the views and level of engagement of our people through a quarterly survey using a market-leading dynamic tool (Peakon).

Summary Directors' Remuneration Policy

The Directors' Remuneration Policy was approved by shareholders at the AGM on 20 July 2023.

The full Policy is provided in the Corporate Governance section on the Company's website, and it will remain in effect until the 2026 AGM. When considering the review of the Policy, the Committee was mindful of UK Corporate Governance Code provisions which state that the Committee should address the issues as follows:

- Clarity is achieved by the simplification of the incentives and the better separation between the annual and long-term plans in the Policy
- Simplicity is delivered by a simple approach to incentives in the Policy, particularly the ABP
- Risk continues to be managed through the operation of a broad suite of performance measures and targets, the use of deferral, holding periods and malus and clawback provisions, and the close interaction with the Audit and Risk & Security Committees
- Predictability is achieved by setting clear performance targets and outcomes for threshold, target and stretch levels of performance, with a close link to Company strategy
- Proportionality is delivered through performance conditions, both financial and non-financial, with the clear link to strategy. The Committee has the discretion to override formulaic outturns to ensure that they are appropriate and reflect overall performance
- Alignment to culture is supported by performance measures which are consistent with the Company's purpose, values and strategy

A summary of the Policy is set out below:

Element	Purpose and link to strategy	Operation and performance measures	Maximum opportunity
Base salary	To attract and retain the talent needed to lead our business.	An Executive Director's base salary is set on appointment and reviewed annually or when there is a change in position or responsibility. When determining an appropriate level of salary, the Committee considers: – general salary rises for employees; – remuneration practices within the Group; – any change in scope, role and responsibilities; – the general performance of the Group; – the experience of the relevant Director; – the economic environment; and – pay levels for similar roles among appropriate comparators. Individuals who are recruited or promoted to the Board may, on occasion, have their salaries set below the targeted policy level until they become established in their role. In such cases subsequent increases in salary may be higher than the general rises for employees until the target positioning is achieved.	Typically, the base salaries of Executive Directors in post at the start of the Policy period and who remain in the same role throughout will be increased by a similar percentage to the average annual percentage increase in salaries of all other employees in the Group. The exceptions to this rule may be where: – an individual is below market-level and a decision is taken to increase base pay to reflect proven competence in the role; or – there is a material increase in scope or responsibility to the Executive Director's role. The Committee ensures that maximum salary levels are positioned in line with companies of a similar size to QinetiQ and validated against other companies in the industry, so that they are competitive against the market.
Pension allowance	To ensure that Executive Directors' total remuneration remains attractive and competitive.	The Company provides a pension contribution allowance in line with practice relative to its comparators to enable the Company to recruit and retain Executive Directors with the experience and expertise to deliver the Group's strategy.	The maximum policy pension allowance is aligned with the Company pension contribution paid to the majority of UK pension scheme members (which is currently 10.5% of salary).
Benefits	To ensure that Executive Directors' total remuneration remains attractive and competitive.	Benefits include car allowance, health insurance, life assurance, income protection, expenses incurred which HMRC may deem taxable and membership of the Group's employee Share Incentive Plan which is open to all UK employees.	Benefit values can vary year-on-year depending on premiums and the maximum is the cost of providing the relevant benefits.

Summary Directors' Remuneration Policy continued

Annual Incentive	Purpose and link to strategy	Operation and performance measures	Maximum opportunity
Annual Bonus Plan (ABP)	The ABP provides an incentive for the Executive Directors to achieve targets that are entirely aligned to the Company's strategy.	– The ABP is an annual incentive plan with a one-year performance measurement period, with any award paid partly in deferred shares; – A maximum award of 200% of salary is available each year; – At the end of the first year 70% of the award is paid as a cash bonus; – The remaining 30% is deferred as an award of deferred shares that must be held for two years, and are subject to malus and clawback for up to three years from the payment date; and – Dividend equivalents will be paid on the deferred shares.	Maximum = 200% of salary. Target = 100% of salary. Threshold = 0% of salary.

Long-term Incentive	Purpose and link to strategy	Operation and performance measures	Maximum opportunity
Long-term Performance Award (LPA)	The LPA provides an incentive for the Executive Directors to achieve long-term financial targets that are entirely aligned to the Company's strategy and the creation of shareholder value. The delivery of any LPA in shares, which must be held for a further two-years, drives a long-term and sustainable focus aligned to the interests of shareholders.	Vesting of the LPA award will be determined by performance against a scorecard of three-year performance measures, the majority of which will be financial (which will not duplicate those for the ABP). Any vested shares must be held for a further two years. Malus and clawback provisions apply to the LPA. The Committee will normally provide dividend equivalents on vested shares under the LPA.	Maximum = 250% of salary. Target = 125% of salary. Threshold = 50% of salary. No more than 20% of each element of the LPA may vest at threshold levels of performance.

Element	Purpose and link to strategy	Operation and performance measures	Maximum opportunity
Minimum shareholding requirements – during and after employment	To align Executive Directors' interests with those of shareholders through the build-up and retention of a personal holding in QinetiQ shares.	Executives have five years to accumulate the required shareholding. 300% of base salary for the CEO. 200% of base salary for other Executive Directors. Executive Directors will have a post-employment shareholding requirement of 100% of salary for the first year post-cessation, then 50% of salary for the second year post-cessation of employment.	The Committee reviews compliance on an annual basis and adherence to these guidelines is a condition of continued participation in the equity incentive arrangements.

Chairman and Non-executive Directors			
Fees	To attract and retain Non-executive Directors of the calibre required to assist the Company in setting and delivering its strategy.	Fees are reviewed annually based on equivalent roles in the comparator group used to review salaries paid to the Executive Directors.	The fees for Non-executive Directors and the Group Chair are broadly set at a competitive level against the comparator group.

Annual Report on Remuneration

The following section of this report details how the Directors' Remuneration Policy has been implemented for the year ended 31 March 2025. In the interests of clarity, CEO refers to Steve Wadey, CFO to Martin Cooper and Former CFO to Carol Borg.

Audited information

Executive Directors' single total figure of remuneration:

Executive Director	Year	Salary £'000	Benefits £'000	Pension £'000	Total fixed Pay £'000	Annual Bonus Plan £'000	Deferred Share Plan £'000	Compensation Share Plan £'000	Total variable pay £'000	Total remuneration £'000
Steve Wadey (CEO)	**FY25**	**719**	**85**	**76**	**880**	**0**	**688**	**–**	**688**	**1,567**
	FY24	689	87	72	848	1,180	901	901	2,081	2,929
Martin Cooper (CFO) (Appointed 2 September 2024)	**FY25**	**265**	**11**	**28**	**304**	**0**	**–**	**–**	**–**	**304**
	FY24	–	–	–	–	–	–	–	–	–
Carol Borg (Former CFO)[1] (Left 16 April 2024)	**FY25**	**19**	**3**	**2**	**24**	**0**	**162**	**836**	**998**	**1,022**
	FY24	448	69	47	564	744	–	–	744	1,308

1 Details of Carol Borg's Deferred Share Plan and Compensation Share Plan awards are shown on page 120.

Benefits can include travel and subsistence expenses incurred in relation to the execution of their duties with the Company that are considered by HMRC to be taxable. Where the Company settles the Director's tax, the value disclosed is not grossed up for tax.

Salary

Salaries are reviewed effective 1 July, which is the same timing as for the rest of the UK employee population.

	Salary as 1 April 2024 £'000	Increase in the year	Salary as 1 July 2024 £'000	FY25 salary actually paid £'000
CEO	696	4.5%	727	**719**
CFO	–	–	–	**265**
Former CFO	452	–	–	**19**

Benefits (audited)

Benefits comprise a car allowance, travel allowance, private medical insurance, life assurance, income protection and taxable expenses.

	Taxable expenses £'000	Travel & car allowance £'000	Insurance benefit £'000	Total benefits £'000
CEO	38	19	28	85
CFO	0	8	3	11
Former CFO	0	3	0	3

Pensions (audited)

The Executive Directors did not participate in the QinetiQ pension scheme for FY25. The pension figure is cash in lieu of pension equating to 10.5% of base salary.

	Cash in lieu of pension £'000	Total in lieu of pension £'000
CEO	76	76
CFO	28	28
Former CFO	2	2

Annual Report on Remuneration continued

Annual Bonus Plan (audited)

The Annual Bonus Plan (ABP) is an annual incentive with a one-year performance measurement period, with any award paid partly in deferred shares. After the end of the first year, 70% of the award is paid as a cash bonus. The remaining 30% is made as a deferred share award that must be held for two years and is subject to continued employment. Malus and clawback apply for up to three years from the payment date.

	ABP award £'000	June 2025 payment in cash (70% value £'000)	Value of share payment (30% value £'000)	30-day average share price to 31 March 2025 (p)	Estimated deferred shares awarded June 2025
CEO	0	0	0	443.6	0
CFO	0	0	0	443.6	0
Former CFO	0	0	0	443.6	0

On-target performance provides a payment equal to 100% of base salary, rising on a linear scale to 200% of base salary for achievement of stretch performance. The scheme begins to pay out once threshold performance measures have been achieved.

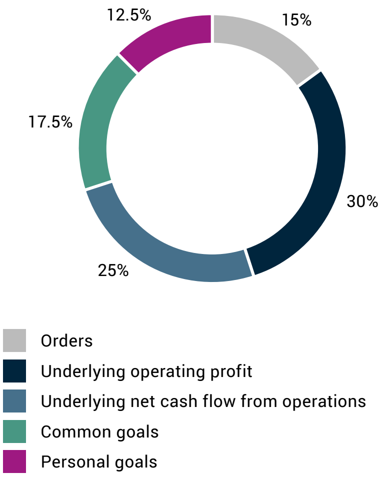
For the year ended 31 March 2025, the CEO and CFO were measured against the targets as shown in the chart to the right. The target payment was 50% of maximum for financial and non-financial objectives.

When setting performance targets the Remuneration Committee takes into account the budget and the Company's strategy set in relation to the ISP, shareholder expectations and the external environment.

The aim is to set stretching targets which incentivise the Executive Directors to deliver annual results which will exceed the expectations of investors, but which are also sustainable and do not create undue profit risk. Financial performance measures exclude the contribution from businesses acquired in the year.

Taking account of the company performance in the round, including the experience of shareholders, and at the recommendation of the CEO, the Committee exercised its discretion and reduced the bonus for FY25 to zero for the Executive Directors and the QLT.

% of maximum



Audited information

FY25 performance outcomes

	Weighting %	Threshold	Target	Stretch	Actual	% of maximum reward achieved	CEO outturn	CFO outturn
CEO/CFO financial performance measures								
Orders[1]	15%	£1,675.0m	£1,800.0m	£1,925.0m	£1,954.8m	100.0%	£215,744	£78,908
Underlying operating profit[1]	30%	£220.0m	£230.0m	£240.0m	£185.4m	0.0%	£0	£0
Underlying net cash flow from operations[1]	25%	£250.0m	£280.0m	£325.0m	£288.0m	58.9%	£211,749	£77,447
CEO non-financial measures								
– Common goals: performance against key stretching objectives[2]	17.5%	40%	50%	100%	77.4%	77.4%	£194,745	
– Personal goals: performance against stretching objectives	12.5%	40%	50%	100%	70%	70%	£125,851	
CFO non-financial measures								
– Common goals: performance against key stretching objectives[2]	17.5%	40%	50%	100%	66.7%	66.7%		£61,364
– Personal goals: performance against stretching objectives	12.5%	40%	50%	100%	80%	80%		£52,605
CEO overall result[3]						0.0%	£0	
CFO overall result[3]						0.0%		£0

1 Threshold payment was 0% and target payment was 50% for financial objectives. Definition of underlying measures and performance can be found in the glossary on page 202.

2 Common goals as detailed on page 119.

3 The formulaic award for the CEO and CFO respectively would have been £748,088 (52% of the maximum award of £1,438,293) and £270,325 (51.4% of the maximum award of £526,055).

Common goals (17.5% weighting) (audited)

Measures	FY25 Performance	Outturn (% maximum)
Net-Zero (5.0% weighting)	Make demonstrable progress towards the QinetiQ Net-Zero plan by reducing Scope 1, 2 and some elements of Scope 3 emissions. The FY25 Net-Zero performance was achieved with a reduction of 1.2% against the target, predominantly due to a reduction in business travel.	
Engagement (5.0% weighting)	Achieve Group Peakon (third-party employee engagement survey) improvement target above FY24 baseline. The FY24 baseline engagement score was maintained in FY25 resulting in a payment at target (at 7.5), with a peak of 7.6 achieved mid-year.	
Safety (7.5% weighting) Safety Maturity (3.75%) Safety Individual Engagements (3.75%)	Drive the overall safety maturity of the Group as measured by an independent process. Make specific tangible safety interventions that improve underlying safety performance and controls. For FY25 the safety maturity score was above Stretch, marking strong progress against this independent process, with the CEO and CFO delivering the stretch and target requirement respectively for tangible safety interventions.	
CEO Total		**77.4%**
CFO Total		**66.7%**

Personal goals (12.5% weighting) (audited)

FY25 Performance	Outturn (% maximum)
CEO	
Deliver consistent operational performance in FY25. – Measure: demonstrable consistent performance throughout the year evidenced by KPIs, with minimal programme performance issues.	**Not achieved**
Continue to develop organisation culture and leadership capability that enables sustainable growth to realise five-year ambition. – Measure: demonstrable personal leadership and commitment in delivering an improved performance culture and enhanced leadership capability development globally.	**Partially achieved**
Enable growth through customer focus and delivering first year outcome of AUKUS roadmap. – Measure: delivery of Year 1 outcomes of AUKUS and positive customer feedback.	**Partially achieved**
Continue to embed safety and secure operations, and provide strategic leadership to the delivery and embedding digital transformation. – Measure: continued safety and security performance, successful delivery of GII/DW in FY25 and maturation of digital engineering for customer offerings.	**Achieved**
Total	**70%**

FY25 Performance	Outturn (% maximum)
CFO	
Deliver consistent operational performance in FY25. – Measure: demonstrable consistent performance throughout the year evidenced by KPIs, with minimal programme performance issue.	**Not achieved**
Continue to mature Finance & Governance function consistent with five-year ambition and partner with the Chief Operating Officer to embed a new Integrated Strategy-to-perform Plan (ISP) global approach. – Measure: demonstrable progress in functional performance and capability enhancements globally and delivering of the ISP with positive feedback from key stakeholders.	**Achieved**
Lead and mature the Business Systems Finance (BSF) programme of work ensuring there is a clear programme of work ready for launch in FY26. – Measure: delivery of a resourced and clear investment case on BSF to meet the needs of the global business.	**Achieved**
Deliver Year 3 of ESG plan. – Measure: evidenced progress against Net-Zero plan in year with proactive leadership in support of the ESG development Company-wide.	**Achieved**
Total	**80%**

Annual Report on Remuneration continued

Deferred Share Plan (audited)

The FY22 legacy DSP award achieved the performance underpin and, therefore, the shares ceased to be contingent, will vest in June 2025 and are disclosed in the single figure for FY25.

	FY22 Shares awarded	Vesting %	Shares vesting	Estimated value £'000
CEO	159,198	100%	159,198	688
Former CFO	49,299	100%	37,489	162

The FY22 DSP award performance underpin required the FY25 profit to exceed that in FY22 (£137.4m). Profit for FY25 was £185.4m and, therefore, the shares will be released on 10 June 2025. The 100% vesting refers to the shares which have passed the underpin of those initially granted based on FY22 performance, which was 60.2% of the maximum available. If the underpin had not been met, 50% of the DSP award would have lapsed. For the Former CFO, the shares vesting have been pro-rated based on her leaving arrangements, with 11,810 shares of the original award having lapsed. The net shares vesting from the FY22 DSP must be retained for a further two years.

The value of this award is calculated as CEO £687,974 and Former CFO £162,009 based on the share amounts due to vest of 159,198 and 37,489 (pro-rata) respectively based on the three-month average to 31 March 2025 (408.4p). The estimated value includes CEO £37,810 and former CFO £8,904 as dividend equivalent payments based on an aggregate dividend of 23.75p paid in FY23 to FY25 and a share price appreciation between grant and vesting of £169,227 and £39,851 respectively (for the Former CFO this is based on her pro-rata award).

Following the approval of the new Directors' Remuneration Policy at the 2023 AGM, the DSP was terminated with the final award (the FY23 award) granted in June 2024 and vesting following the end of FY26. Subsisting DSP awards as identified on page 122 will continue to be available to vest on the basis of the relevant performance underpin.

Compensation Share Plan (audited)

The Compensation Share Plan (CSP) was awarded to Carol Borg in part compensation for share awards which were forfeited on resigning from her former employer (page 122). The value of this award is calculated based on the actual share price on the date of vesting (409.5p). The estimated value includes a dividend equivalent payment based on an aggregate dividend of 23.25p paid between date of grant and vesting.

	Shares awarded	Vesting %	Shares vesting	Estimated value £'000
Former CFO	193,199	100%	193,199	836

Long-term Performance Award (audited)

Performance targets for FY25 award granted in July 2024

The Committee maintained the same set of performances measures and weightings used in FY24 for the FY25 Long-term Performance Award (LPA). These have a clear link to Company strategy and incentivising growth:

- Earnings: organic underlying operating profit on a three-year cumulative basis (35% weighting)
  - Designed to deliver consistent operational performance over the longer term
  - Understood, relevant and actionable for QinetiQ senior leaders
- Returns: ROCE (35% weighting)
  - Average EBITA for the three-year period divided by average capital employed
  - Designed to drive robust investment selection and delivery
- Total revenue growth (30% weighting)
  - Designed to drive value creation through collaboration and market leverage

For the FY25 LPA the Committee agreed the following targets aligned with our growth ambition (20% of each element vests at threshold).

Cumulative earnings targets are deemed commercially sensitive at this time but are consistent with our growth ambition at 11–12% margin.

ROCE	Threshold 15.0%	Stretch 20.0%
FY27 Total revenue	Threshold £2.0bn	Stretch £3.0bn

The FY25 target level of performance is not calculated on a linear basis and the target is deemed commercially sensitive at this time as it is aligned to confidential Group strategy. Subject to the targets no longer being commercially sensitive they will be disclosed in full at the time of vesting.

FY25 LPA conditional share awards were granted based on a maximum of 250.0% of base salary at a share price of 448.8p for the CEO in July 2024 and 410.4p for the CFO in December 2024 determined over a five-day period prior to grant. The three-year performance period for the FY25 award ends on 31 March 2027. Any shares which vest must then be held until fifth anniversary after grant.

Audited information

Statement of Directors' shareholding and share interests

In relation to the shareholding requirement adopted on 1 April 2017, the Company requires Executive Directors to hold shares (beneficially owned) equivalent to 300% (CEO) and 200% (CFO) of base salary. Executive Directors have five years from the adoption of the guideline to achieve the required level through, at a minimum, retaining 50% of the after-tax shares vesting from Company incentive plans.

The CEO has achieved his shareholding requirement and currently holds shares equivalent to 537% of base salary using a share price of 408.4p (three-month average to 31 March 2025).

The CFO does not currently meet the minimum shareholding requirement, with a current holding equivalent to 21% of base salary using a share price of 408.4p (three-month average to 31 March 2025). This reflects his recent appointment as CFO and the lack of any opportunity for share-based awards to vest.

For the former CFO, the post-cessation shareholding requirement will continue to be applied following the termination of her employment as per Policy.

The Remuneration Committee continues to monitor compliance with the shareholding requirement.

	Shares beneficially owned	Shares subject to performance conditions	Shares not subject to performance conditions	Total share interests at 31 March 2025
Steve Wadey	955,382	1,398,361	488	**2,354,231**
Martin Cooper[1]	23,359	496,465	–	**519,824**
Carol Borg[2]	183,176	170,614	–	**353,790**
Shonaid Jemmett-Page	7,000	–	–	**7,000**
Neil Johnson	100,000	–	–	**100,000**
Dina Knight	–	–	–	**–**
Roger Krone[3]	–	–	–	**–**
Ross McEwan	20,000	–	–	**20,000**
General Sir Gordon Messenger	11,958	–	–	**11,958**
Steve Mogford	–	–	–	**–**
Susan Searle[4]	48,300	–	–	**48,300**
Ezinne Uzo-Okoro[5]	–	–	–	**–**

1 Martin Cooper – Appointed 2 September 2024.

2 Carol Borg – Departed 15 April 2024.

3 Roger Krone – Appointed 8 January 2025.

4 Susan Searle – Resigned 31 March 2025.

5 Ezinne Uzo-Okoro – Appointed 1 November 2024.

Shares beneficially owned comprise shares purchased under the Share Incentive Plan (SIP) and shares owned by the Director and any connected persons. SIP matching shares are identified as shares not subject to performance conditions. On 9 April 2025 Steve Wadey purchased 56 shares, then on 9 May 2025 he purchased a further 46 shares, through his participation in the SIP. Shares subject to performance conditions comprise awards made under the Deferred Share Plan and Long-term Performance Award which remain contingent subject to the relevant performance conditions as detailed on page 123.

Carol Borg's scheme interests were adjusted on leaving the Company as detailed on page 123.

There have been no other changes to the shares shown above between 31 March 2025 and 22 May 2025.

Annual Report on Remuneration continued

Payments to past Directors and payment for loss of office (audited)

As disclosed last year on 16 April 2024, Carol Borg stepped down from the role of CFO by mutual agreement. Full details of Carol Borg's termination agreements were disclosed in accordance with s.430(2B) of the Companies Act 2006 and in the FY24 Directors' Remuneration Report.

The Remuneration Committee exercised its discretion taking account of her contribution to determine that Carol should be treated as a Good Leaver in respect of a number of her incentive arrangements. The details of her remuneration following the cessation of her employment are as follows:

- Pay in lieu of her 12-month notice period, comprising salary, benefits and pension for the remainder of her notice period. This amounted to £565,930 and was paid in quarterly instalments.
- As disclosed last year, an FY24 ABP payment based on actual results of £744k, 70% in cash and 30% in shares which will vest after two years from payment in June 2024.
- The conditional share award termed the Compensation Share Plan, awarded in part compensation for share awards which were forfeited on resigning from her former employer, was allowed to vest on the normal vesting date in January 2025 in accordance with the original terms of the award.
- FY22 and FY23 DSP awards (shown in table on pages 122 and 123), reduced for time pro-rating, may also vest on the normal vesting date, subject to the relevant performance underpin being met. Vested shares will remain subject to a two-year holding period.
- No incentive payments will be paid in respect of her service in FY25 and the FY24 LPA will lapse.
- Shares vesting will be subject to the post-cessation share ownership requirement as per Policy.

New Group CFO Terms of Appointment

As disclosed at the time of his appointment and in last year's report, Martin Cooper joined QinetiQ on 2 September 2024 and on appointment the key terms of his remuneration were as follows:

- A base salary of £455,000 subject to review in July 2025, benefits and pension allowance aligned to Policy.
- An ABP maximum annual payment of 200% of salary and an LPA maximum annual grant of 250% of salary, as per Policy.
- A cash allowance of 10.5% of salary per annum in lieu of a pension contribution (in line with the level of pension contribution paid to the majority of QinetiQ's UK pension scheme members).
- A car allowance of £13,000 per annum and other standard benefits.
- A shareholding requirement in QinetiQ of 200% of base salary, expected to be achieved within five years of appointment.
- A notice period of 12 months (by either party).

Audited information

Total scheme interests summary

Total scheme interests, including those awarded during the financial year ended 31 March 2025, are as follows.

Plan name	Date of grant	Number 1 April 2024	Granted in year (maximum potential of awards)	Vested in year[3]	Lapsed in year	Number 31 March 2025	Share price on date of grant	Vest date
Steve Wadey								
DSP 2021	25 Jun 21	232,746	–	232,746	–	0	321.9	25 Jun 24
DSP 2022	10 Jun 22	159,198	–	–	–	159,198	302.1	10 Jun 25
DSP 2023	20 Jun 23	251,444	–	–	–	251,444	330.2	20 Jun 26
LPA 2024	28 Sep 23	521,352	–	–	–	521,352	321.3	28 Sep 26
ABP 2024[1]	1 Jul 24	–	78,911	–	–	78,911	448.8	31 Mar 27
LPA 2025[2]	1 Jul 24	–	387,456	–	–	387,456	448.8	1 Jul 27
		1,164,740	466,367	232,746	–	1,398,361		
Martin Cooper								
CSP Tranche 1	18 Dec 24	–	134,015	–	–	134,015	410.4	31 Mar 26
CSP Tranche 2	18 Dec 24	–	85,282	–	–	85,282	410.4	31 Mar 27
LPA 2025[2]	18 Dec 24	–	277,168	–	–	277,168	410.4	18 Dec 27
		–	496,465	–	–	496,465		

Plan name	Date of grant	Number 1 April 2024	Granted in year (maximum potential of awards)	Vested in year[3]	Lapsed in year	Number 31 March 2025	Share price on date of grant	Vest date
Carol Borg								
CSP	5 Jan 22	193,199	–	193,199	–	0	258.8	5 Jan 25
DSP 2022	14 Jun 22	49,299	–	–	11,810	37,489	302.1	10 Jun 25
DSP 2023	20 Jun 23	163,256	–	–	79,896	83,360	330.2	20 Jun 26
LPA 2024	28 Sep 23	338,489	–	–	338,489	0	321.3	28 Sep 26
ABP 2024[1]	1 Jul 24	–	49,765	–	–	49,765	448.8	31 Mar 27
		744,243	49,765	193,199	430,195	170,614		

1 The FY24 ABP share award granted on 1 July 2024 is the share payment of the FY24 ABP award with a face value of £354,056 and £223,327 which is 30% of the total FY24 ABP award of £1,180,186 and £744,423 for the CEO and former CFO respectively.

2 The FY25 LPA conditional shares granted on 1 July 2024 and 18 December 2024 at a share price of 448.8p and 410.4p (five-day average prior to grant) are calculated on the basis of 250.0% of salary with a face value of £1,738,750 and £1,137,500 for the CEO and CFO respectively. The performance period for the FY25 LPA ends on 31 March 2027 based on the achievement of earnings, ROCE and revenue targets. Any shares which vest must be retained for a further two years.

3 Vested shares include shares sold to cover tax and National Insurance contributions.

Martin Cooper (audited)

In December 2024, conditional awards were made to Martin Cooper as part compensation for the loss of a number of share option and long-term incentive awards at his previous employer, BAE Systems. The Committee confirms that these were necessary to facilitate his recruitment and compensate him for the forfeiture of certain benefits as a result of his employment at QinetiQ. In approving the grant of the awards, the Committee understood the importance of recruiting Martin without delay and therefore the one-off awards were approved by the Committee under the exemption to the requirement for prior shareholder approval to which Listing Rule 9.3.2(2) applies, and the awards will be satisfied by the transfer of existing shares. No consideration was paid for the grant of these awards and no consideration is due on the vesting of these awards.

The awards consisted of two time vested conditional share awards with a total value of £900,000 using a share price of 410.4p (five-day average prior to grant) and will be disclosed in the single total figure at point of vest.

- Tranche 1 with a value of £550,000 as 134,015 shares will vest in March 2026; and
- Tranche 2 with a value of £350,000 as 85,282 shares will vest in March 2027.

In accordance with the approved policy, the value and structure of the awards fairly reflects the awards Martin forfeited on leaving his previous employment in terms of value and timing of vesting and take account of the performance conditions applicable to some of his forfeited awards at that time. Both vesting dates are a one-year extension on the awards surrendered and vesting is conditional on continued employment and is subject to clawback and malus in certain circumstances.

In addition, and also in part compensation for the value of other awards forfeited at his previous employer, he received an FY25 LPA over shares with a face value of £1,137,500, which is 250% of his base salary of £455,000.

There have been no other changes to the interests shown above between 31 March 2025 and 22 May 2025.

Carol Borg

As part of the package approved by the Remuneration Committee for Carol Borg at recruitment, she was granted a share award in part compensation for share awards which were forfeited on resigning from her former employer. This was granted on 5 January 2022. As part of her termination arrangements, these shares vested in January 2025.

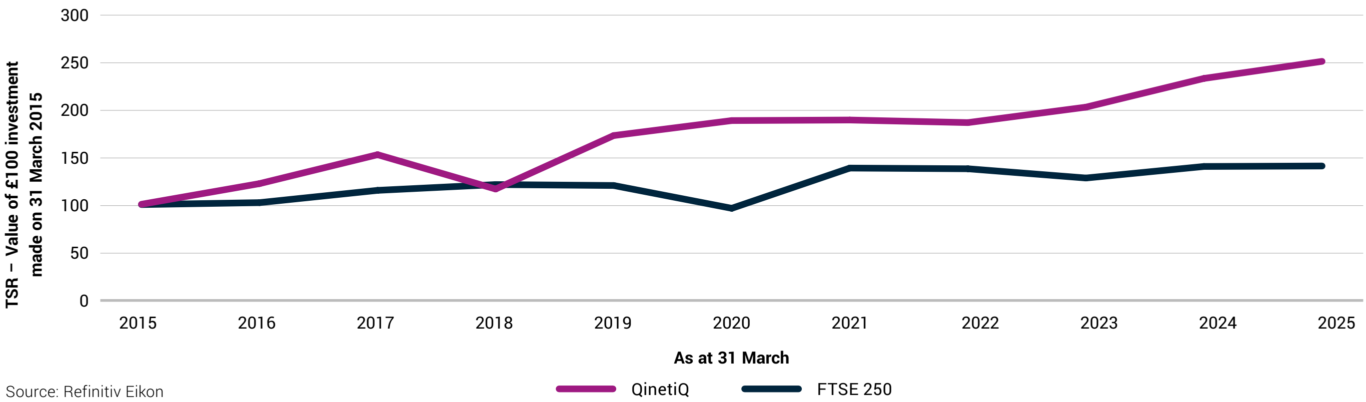
Carol Borg was treated as a good leaver with respect to her FY22 and FY23 DSP awards which have been reduced for time pro-rated and remain subject to the relevant performance underpin being met. Any DSP shares which vest will remain subject to a two-year holding period. Her FY24 LPA award lapsed on leaving on 15 April 2024.

Annual Report on Remuneration continued

Performance review

The 10-year chart shows the Company's Total Shareholder Return (TSR) over the period from 31 March 2015 to 31 March 2025 compared with the FTSE 250 (excluding investment trusts) over the same period based on spot values. The Committee has chosen to demonstrate the Company's performance against this index as it is the index in which the Company is listed.

10-year comparator chart



Source: Refinitiv Eikon

CEO remuneration

The table below shows the CEO's remuneration over the same performance period 31 March 2015 to 31 March 2025 as the TSR chart:

Financial Year ended 31 March	CEO	Salary/fees	Single figure	Annual bonus (% of maximum)	Long-term incentives (% of maximum vesting)
FY25	**Steve Wadey**	**719,147**	**1,567,490**	**–**	**100.0%**
FY24	Steve Wadey	689,160	2,928,669	85.6%	100.0%
FY23	Steve Wadey	664,126	2,164,306	98.2%	–
FY22	Steve Wadey	639,121	2,477,069	71.4%	100.0%
FY21	Steve Wadey	511,550	2,695,414	95.7%	100.0%
FY20	Steve Wadey	610,357	1,978,247	87.5%	38.4%
FY19	Steve Wadey	596,422	2,339,474	94.4%	31.7%
FY18	Steve Wadey	582,167	1,522,460	66.7%	–
FY17 (restated)	Steve Wadey	568,166	1,829,470	86.4%	–
FY16	Steve Wadey	520,219	1,654,546	85.4%	–
FY16	David Mellors	455,885	1,423,382	82.9%	–

CEO pay ratio

The calculation below is based on the FY25 single figure for the CEO of £1,567,490 and similar calculations for the UK workforce (i.e. 'Option A' as defined by the Companies (Miscellaneous Reporting) Regulations 2018). The Remuneration Committee chose Option A as it is the approach generally favoured by investors and GC100. The calculations for the UK workforce were performed as at 31 March 2025.

Total remuneration

Ratio of the CEO's to the pay of UK employees

Year	25th percentile	Median	75th percentile
FY25	**33: 1**	**25: 1**	**20: 1**
FY24	67: 1	50: 1	38: 1
FY23	53: 1	40: 1	31: 1
FY22	67: 1	49: 1	37: 1
FY21	70: 1	52: 1	39: 1
FY20	56: 1	41: 1	31: 1

The CEO pay ratios have decreased between FY24 and FY25 as a result of the lower CEO single figure for FY25 due to zero annual bonus being paid in the year. The Company believes that the median pay ratio for FY25 is consistent with the pay, reward and progression policies for the UK employees as the approach for all QinetiQ employees is monitored and reported to the Remuneration Committee on an annual basis.

Year-on-year movements in the CEO pay ratio are likely to be volatile due to the wide range of incentive outcomes for the CEO single figure, but the Remuneration Committee does note the ratio and will monitor long-term trends.

Total pay of UK employees

	25th percentile	Median	75th percentile
Total pay and benefits	£47,114	£62,423	£77,805
Salary component[1]	£42,189	£55,241	£49,524

1 The base salary data is impacted by the fact that the employee identified at the 75th percentile on a total pay basis had significant overtime and allowances payments.

The Remuneration Committee welcomes the opportunity to provide this information to shareholders. The Company aims to reward all employees fairly for the success and growth they create.

Remuneration policy for all employees

All employees of QinetiQ are entitled to base salary, benefits and pension. UK and Australia-based employees are entitled to participate in the QinetiQ Share Incentive Plan. The maximum incentive opportunity available is based on the seniority and responsibility of the role. Participation in the LPA is available to Executive Directors, senior leaders and selected employees throughout the organisation.

The All Employee Incentive Scheme (AEIS) provides every eligible employee the opportunity to earn a cash bonus based on Company and personal performance. For FY25 the operating profit threshold was not achieved, and therefore the Company performance element of AEIS was not paid. However, in recognition of the strong performance of our people this year, a discretionary 'thank you' payment of £400 to each eligible employee was approved instead. The AEIS will be operated again in FY26 and thereafter.

The Committee reviews (but does not decide) the general reward policy for all employees and any significant changes proposed. Alignment with the workforce is delivered through the Rewarding for Performance framework, including a transparent and consistent approach to the annual salary review, the AEIS to drive Company and personal performance, recognition schemes and market competitive benefits in our countries. For FY25 the Company agreed further investment in the employee offering across the Group including, in the UK, concluding the work to address market relativity, providing an additional base salary increase to employees to ensure they receive a fair market level of pay.

The CEO and the Chief People Officer have held regular discussions with our Global Employee Voice (GEV) representatives on reward matters. Members of the Board also met with the GEV representatives twice in FY25. Amongst other things, these meetings have discussed how executive remuneration is aligned to the broader employee offering in support of Group strategy.

Audited information

Single figure total remuneration for the Chairman and each Non-executive Director

Non-executive Directors' remuneration is shown as a single figure to provide an annual comparison between the remuneration awarded during the financial year ended 31 March 2025 and the preceding year.

	Fees £'000		Benefits £'000		Single figure £'000	
Non-executive Directors	**FY25**	**FY24**	**FY25**	**FY24**	**FY25**	**FY24**
Shonaid Jemmett-Page[1]	**76**	73	**1**	–	**77**	73
Neil Johnson	**281**	270	**2**	–	**283**	270
Dina Knight	**62**	5	**2**	–	**64**	5
Roger Krone[2]	**18**	–	**3**	–	**21**	–
Ross McEwan	**74**	5	**24**	5	**98**	10
General Sir Gordon Messenger[1]	**76**	73	**1**	–	**77**	73
Steve Mogford	**74**	67	**3**	–	**77**	67
Susan Searle[1,3]	**76**	73	**2**	–	**78**	73
Ezinne Uzo-Okoro[4]	**26**	–	**5**	–	**31**	–

1 Fees include Committee Chair fees.

2 Roger Krone – Appointed 8 January 2025.

3 Susan Searle – Resigned 31 March 2025.

4 Ezinne Uzo-Okoro – Appointed 1 November 2024.

The fees for Steve Mogford, Roger Krone and Ross McEwan include £12,000 as Senior Independent Director, Senior US (pro-rated based on start date) and Australia resident Non-executive Director respectively.

Benefits include travel and subsistence expenses (grossed-up for tax) incurred in relation to the execution of their duties with the Company that are considered by HMRC to be taxable. Attendance fees are also included in this number.

Roger Krone and Ezinne Uzo-Okoro as US residents received a $4,000 fee for attending UK meetings; as an Australian resident Ross McEwan receives a UK meeting fee of AU$8,000. UK-based Non-executive Directors are entitled to receive a £2,500 fee for attending US meetings.

Annual Report on Remuneration continued

Percentage change in Directors' remuneration

The following table compares the percentage change in the Director's salary/fees, bonus and benefits to the average percentage change in salary, bonus and benefits for a comparison group (4,811 employees) in the UK business in service between 1 April 2024 and 31 March 2025. The analysis only includes Directors who served for FY25 and includes the temporary salary/fee sacrifice in FY21.

	Fees £'000					Benefits £'000					Annual bonus £'000				
	FY25	FY24	FY23	FY22	FY21	**FY25**	FY24	FY23	FY22	FY21	**FY25**	FY24	FY23	FY22	FY21
Executive Directors															
Steve Wadey	**4.4%**	3.8%	3.9%	24.9%	-16.2%	**-1.2%**	9.2%	21.5%	-4.3%	35.9%	**-100.0%**	-10.5%	43.0%	-22.7%	10.3%
Martin Cooper	**–**	–	–	–	–	**–**	–	–	–	–	**–**	–	–	–	–
Carol Borg	**-95.8%**	3.9%	–	–	–	**-95.8%**	1.8%	–	–	–	**-100.0%**	-10.9%	–	–	–
Non-executive Directors															
Shonaid Jemmett-Page	**4.8%**	8.2%	1.5%	–	–	**123.9%**	-62.1%	0%	–	–	**–**	–	–	–	–
Neil Johnson	**4.2%**	4.2%	3.6%	14.3%	17.1%	**103.2%**	-77.2%	33.3%	100%	-100%	**–**	–	–	–	–
Dina Knight	**1140%**	–	–	–	–	**–**	–	–	–	–	**–**	–	–	–	–
Roger Krone	**–**	–	–	–	–	**–**	–	–	–	–	**–**	–	–	–	–
Ross McEwan	**1133%**	–	–	–	–	**422.3%**	–	–	–	–	**–**	–	–	–	–
General Sir Gordon Messenger	**4.8%**	4.3%	–	–	–	**173.6%**	-76.8%	–	–	–	**–**	–	–	–	–
Steve Mogford	**9.6%**	82.4%	–	–	–	**589.5%**	-52.7%	–	–	–	**–**	–	–	–	–
Susan Searle	**4.7%**	8.2%	1.5%	21.2%	-6.8%	**75.5%**	74.8%	0%	100%	-100%	**–**	–	–	–	–
Ezinne Uzo-Okoro	**–**	–	–	–	–	**–**	–	–	–	–	**–**	–	–	–	–
Employees															
Average UK employee[1]	**6.0%**	7.8%	4.4%	2.9%	1.2%	**-1.0%**	-22.2%	5.7%	10.9%	-1.2%	**-76.7%**	3.0%	96.2%	-38.2%	62.2%

1 UK employees were chosen to avoid the impact of exchange rate movements over the year. QinetiQ Group plc has no employees so QinetiQ Group Ltd employees were used.

The reduction in salary and fees which the Board implemented as a waiver for six months in FY21 impacted the analysis above, as did the reduced travel and physical meeting attendance. The benefits paid to Non-executive Directors are largely travel and subsistence expenses incurred in relation to the execution of their duties with the Company that are considered by HMRC to be taxable.

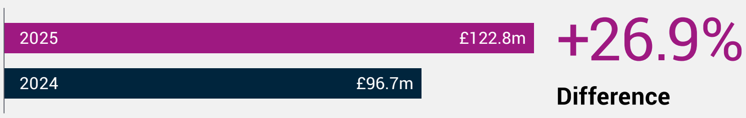
Relative importance of spend on pay

The graph below shows actual spend on all employee remuneration, shareholder dividends and buy-backs and any other significant use of profit and cash within the previous two financial years.

Total employee remuneration

Share-based profit distribution

Dividend cash payment plus purchase of own shares (see CFO Review page 30).



Other significant profit distribution

There were no other significant profit distributions in 2024 or 2025.

Gender related pay

QinetiQ is subject to gender pay reporting for UK employees and a copy of our latest report is available on the Company's website.

Service contracts/letters of appointment

The Company's policy is that Executive Directors have rolling contracts which can be terminated by either party giving 12 months' notice.

The Group Chairman and the Non-executive Directors do not have service contracts but are appointed under letters of appointment. All service contracts and letters of appointment are available for viewing at the Company's registered office and at the AGM.

Non-executive Directors typically serve two three-year terms but may be invited by the Board to serve for an additional period (see table in the Nominations Committee report on page 92).

Director	Date appointed	Arrangement	Notice period
Steve Wadey	27 April 2015	Service contract	12 months
Martin Cooper	2 September 2024	Service contract	12 months
Shonaid Jemmett-Page	19 May 2020	Initial term of three years from date of appointment, subject to annual reappointment at the AGM	–
Neil Johnson	2 April 2019	Initial term of three years from date of appointment, subject to annual reappointment at the AGM	–
Dina Knight	1 March 2024	Initial term of three years from date of appointment, subject to annual reappointment at the AGM	–
Roger Krone	8 January 2025	Initial term of three years from date of appointment, subject to annual reappointment at the AGM	–
Ross McEwan	1 March 2024	Initial term of three years from date of appointment, subject to annual reappointment at the AGM	–
General Sir Gordon Messenger	12 October 2020	Initial term of three years from date of appointment, subject to annual reappointment at the AGM	–
Steve Mogford	1 August 2022	Initial term of three years from date of appointment, subject to annual reappointment at the AGM	–
Ezinne Uzo-Okoro	1 November 2024	Initial term of three years from date of appointment, subject to annual reappointment at the AGM	–

Implementation of Policy for the year ended 31 March 2025

The Remuneration Policy operated as intended for the year ended 31 March 2025. Non-executive Directors' fees reviewed effective 1 July 2024 were set as follows:

- Basic fee £62,500 (was £60,000)
- Committee Chair fee £14,000 (no change)
- Senior Independent Director fee £12,000 (no change)

The fee increase was based on a NED fee benchmarking report provided by Mercer, and having considered the workload and contribution of the NEDs, the increase in base fee is 4.2%, less than the increases applied to the UK workforce in FY24.

The Non-executive Group Chair receives a fee of £284,000 per annum which was increased by 4.0% effective 1 July 2024, less than the increases applied to the UK workforce in FY24.

Fees are reviewed in line with Policy.

Executive Directors are permitted to accept one external Non-executive Director position with the Board's approval. Any fees received in respect of these appointments may be retained by the Executive Director. The CEO and CFO do not hold any Non-executive Directorships in other companies.

	Fees effective 1 July 2024 £
Group Chairman	284,000
Basic fee for UK Non-executive Director	62,500
Additional fee for chairing a Committee	14,000
Additional fee to Deputy Chair/Senior Independent Non-executive Director	12,000
Additional fee for attendance at a Board meeting held in US by UK resident Non-executive Director	2,500
Additional fee for attendance at a Board meeting held in UK by US resident Non-executive Director	$4,000
Additional fee for attendance at a Board meeting held in UK by Australia resident Non-executive Director	AU$8,000

Annual Report on Remuneration continued

Implementation of Policy for the year ending 31 March 2026

At the 14 May 2025 meeting of the Remuneration Committee and at the request of the CEO, the review of his salary will be deferred to the end of FY26. The CFO's salary will be increased by 3.3% (to £470,000p.a.) with effect from 1 July 2025, reflecting his performance and development in the role. For FY26, the overall salary review budget for UK employees is 4%; with 3.5% for the July 2025 salary review plus 0.5% for in-year salary progression.

Incentives for Executives

The table below shows the measures and relative weighting for the Annual Bonus Plan for the CEO and CFO:

Annual Bonus Plan	Performance measure	Relative weighting(%)
	Orders	25.0%
Target performance 100% of base salary	Underlying operating profit	25.0%
Stretch performance 200% of base salary	Underlying net cash flow from operations	25.0%
	Personal and strategic goals, including selected ESG metrics	25.0%

For FY26 the Remuneration Committee agreed to maintain the same financial metrics as in FY25 (orders, profit and cash), however, have adjusted the percentage from 70% to 75%, adjusting the weightings on orders and profit to 25% each (from 15% and 30% respectively) having equal weighting across all three financial metrics. To drive consistent cash collection performance, 30% of this element will be based on the achievement of meeting H1 performance targets, with 70% based on performance over the full financial year. The personal and strategic goals will provide greater emphasis on personal leadership, performance standards and ESG metrics (safety, security and environmental leadership).

In-line with the Directors' Remuneration Policy, target performance results in 50% of the maximum being paid. Details of specific performance targets for the ABP have not been provided as they are deemed commercially sensitive. The targets will be disclosed retrospectively in next year's Annual Report on Remuneration.

For FY26 the Committee has maintained the performance measures and weightings for the LPA with a clear link to Company strategy and incentivising growth:

- Earnings: organic underlying operating profit on a three-year cumulative basis (35% weighting)
  - Designed to deliver consistent operational performance over the longer term
  - Understood, relevant and actionable for QinetiQ senior leaders
- Returns: ROCE (35% weighting)
  - Average EBITA for the three-year period divided by average capital employed
  - Designed to drive robust investment selection and delivery
- Total revenue growth (30% weighting)
  - Designed to drive value creation through collaboration and market leverage

For the FY26 LPA the Committee agreed the following targets aligned with our growth ambition (20% of each element vests at Threshold). Cumulative earnings targets are deemed commercially sensitive at this time but are consistent with our growth ambition at 11–12% margin.

ROCE	Threshold 20.0%	Stretch 25.0%
FY28 Total revenue	Threshold £2.2bn	Stretch £2.7bn

The FY26 target level of performance is not calculated on a linear basis and the target is deemed commercially sensitive at this time as it is aligned to confidential Group strategy. Subject to the targets no longer being commercially sensitive they will be disclosed in full at the time of vesting.

Remuneration Committee meetings, activities and decisions FY25

The following table provides a summary of all the key activities during the year. The attendance at each meeting is detailed on page 86.

The membership of the Remuneration Committee for the whole of FY25 was Susan Searle (Chair), Dina Knight (Chair-designate), Neil Johnson, General Sir Gordon Messenger, Shonaid Jemmett-Page, Steve Mogford, Ross McEwan. Ezinne Uzo-Okoro and Roger Krone joined the Committee on 1 November 2024 and 8 January 2025 respectively.

Date	Incentives	Share awards	Governance	Salaries and resourcing
May 2024	Review of FY24 Company performance	Review FY24 LPA performance Confirm FY25 LPA targets	Approve FY25 Directors' Remuneration Report 2023 Directors' Remuneration Policy Review share plan equity dilution	QLT base salary reviews
July 2024			AGM preparation	
November 2024	FY25 half-year forecast		Review of QLT shareholdings Review of all-employee remuneration to ensure, inter alia, alignment of incentives and reward with culture	
March 2025	FY25 provisional results FY26 target setting		Mercer review of independence	

Remuneration Committee effectiveness review

A performance evaluation of the Committee is conducted annually. This process is described further on page 98.

Remuneration consultants

Mercer were appointed as independent adviser to the Committee to provide advice on market practice, corporate governance and investors' views. Mercer were selected by the Committee after providing ad-hoc advice in support of the design of the Directors' Remuneration Policy and prior experience of working with them. Fees paid to Mercer during the year for services provided were £91,000 calculated on a time-spent basis at pre-agreed rates.

Statement of voting

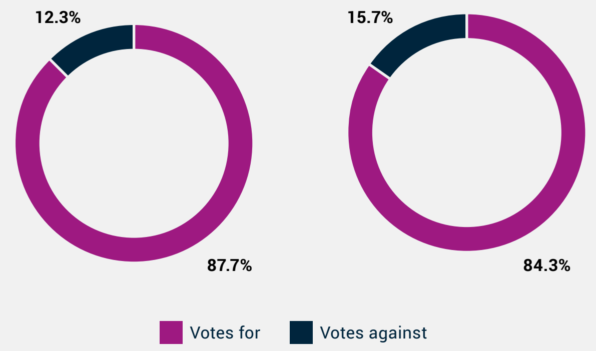
Directors' Remuneration Report – 2024	
Votes for	393,316,096 (87.7%)
Votes against	55,380,160 (12.3%)
Total votes cast	448,696,256 (78.4% of share capital)
Abstained	3,385,130

Directors' Remuneration Policy – 2023	
Votes for	406,828,507 (84.3%)
Votes against	75,547,245 (15.7%)
Total votes cast	482,375,752 (83.4% of share capital)
Abstained	26,105

Details on the voting on all resolutions at the 2025 AGM will be announced via the RNS and posted on the QinetiQ website after the AGM.

Directors' Remuneration Report 2024 % of votes (%)

Directors' Remuneration Policy 2023 % of votes (%)



Dina Knight

Remuneration Committee Chair

22 May 2025